



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION III
1650 Arch Street
Philadelphia, Pennsylvania 19103-2029

Ms. Barbara S. Taylor, Director
Office of Environmental Health
West Virginia Department of Health and
Human Resources
Capitol and Washington Streets
1 Davis Square, Suite 200
Charleston, West Virginia 25301-1798

Dear Ms. Taylor:

Enclosed is the U.S. Environmental Protection Agency Region III (EPA) review of the West Virginia drinking water program through the End-of-Year 2009. This review covers the Public Water System Supervision Program (PWSS), Drinking Water State Revolving Fund (DWSRF) set-aside funded activities, Water Protection Coordination (Security) and Operator Certification Expense Reimbursement (ERG) federally funded assistance agreements. The DWSRF infrastructure project loan program and financial management systems are evaluated in a separate Program Evaluation Report.

The enclosure consists of a comprehensive report and the Mid-Year 2009 Program Guidance/Reporting Checklist and evaluation tool (without attachments). This review incorporates information from the semi-annual progress reports submitted by the West Virginia Environmental Engineering Division (EED), the on-site Program Review on February 17, 2009, telephone and email follow-up, and communication within EPA covering the activities from Mid-Year 2008 through End-of-Year 2009.

EPA would like to recognize several successes of the West Virginia drinking water program in this review period. Most notably that the West Virginia Department of Health and Human Resource's (WVDHHR) drinking water program is close to being fully staffed. A fully staffed program is a fundamental goal that demonstrates your commitment to the program in these challenging times. WVDHHR also obtained primacy for Long Term 2 Enhanced Surface Water Treatment Rule and the Stage 2 Disinfectant Byproduct Rule (LT2/ST2). However EPA does have concerns with the surplus funds of the DWSRF Set-Aside and slow drawdown of ERG grant funds although West Virginia has taken steps to address these concerns. This is discussed more fully in the report.

In addition to our the shared responsibility placed on responding to acute health contaminants at all public water systems EPA will focus FY 2010 program activities on the continuation of emergency preparedness, new rule development and adoption, continuation and improvement of operator certification programs and continued improvement of data quality in

SDWIS. EPA is committed to working with you on these activities to achieve these goals. If you have any questions regarding the enclosed review, please do not hesitate to call me at (215) 814-5757 or have your staff contact Wanda F. Johnson at (215) 814-3249.

In FY 2005, EPA began measuring environmental results of grant-funded program activities. In light of this, our national goals are provided in the FY 2009/2010 PWSS Program Guidance. To the extent that DWSRF funds are used to achieve these state and national programmatic goals, the expected project activities must also be included in the DWSRF set-aside work plans. Another tool for your use is the PWSS Program key performance indicators included in previous program guidance. We are committed to continuing our efforts to gather this information from SDWIS, but also encourage the states to perform their own frequent program evaluations. At the conclusion of FFY 2009, EPA Region III is not aware of any staffing level issues of WV DHHR affecting drinking water performance with the possible exception of compliance determinations of some rules.

If you have any questions regarding the enclosed report, please do not hesitate to call me at (215) 814-5757 or have your staff contact Wanda F. Johnson at (215) 814-3249.

Sincerely,

Victoria P. Binetti, Associate Director
Office of Drinking Water & Source Water
Protection (3WP30)

Enclosures

bcc (without encls.):

W. Johnson (3WP21)
A. Meadows (3WP21)
M. Brewster (3WP50)
J. Pine (3WP30)
M. Conicelli (3WP22)
D. Campanelli (3WP30)

**Review of the
West Virginia Department of Health and Human Resources
Bureau of Public Health
Office of Environmental Health Services
Environmental Engineering Division
Federally Funded Drinking Water Activities**

Introduction

This review covers the activities conducted under Public Water System Supervision Program (PWSS), Drinking Water State Revolving Fund (DWSRF) set-aside funded activities, Water Protection Coordination (Security) and Operator Certification Expense Reimbursement (ERG) federally funded assistance agreements. The report is presented in two parts: 1) a discussion of the EED strengths and those areas where the EPA has concerns, as well as any recommendations, and 2) a detailed checklist that provides the mid-year status on each commitment/activity for the EED. WVDHHR is invited to submit an addendum to this report if it deems that such an addendum is necessary to clarify or counter EPA's findings.

Purpose of Review

The purpose of this review is to highlight program strengths, areas of progress, and significant accomplishments as well as indicate areas of concern regarding WVDHHR's performance. Where an "Action Item" is identified, EPA will require a response no later than one month after receipt of this report unless specified otherwise. This review is also intended to:

- 1) ensure that the commitments contained in the work plan/application under the grant awards are being performed on schedule,
- 2) ensure that all programmatic terms and conditions are met,
- 3) assess available funding to ensure commitment/activity completion,
- 4) ensure all programmatic, statutory and regulatory requirements are met, and
- 5) ensure equipment purchased under the award is accounted for and properly managed.

Method of Review

This is a review of submitted progress reports from WVDHHR. This review incorporates findings from the program review (formerly on-site Data Verification) of July 7-10, 2008. Consultation included conversations with EPA's Drinking Water Branch, the Office of Standards, Assessments and Information Management, the Office of Infrastructure and Assistance and the Office of Analytical Services and Quality Assurance staff and additional telephone conversations and email follow-up between EPA and WVDHHR.

Contents of this Report

- PWSS Program Activities
- Drinking Water State Revolving Fund (DWSRF) Set-Aside Funded Activities
- Operator Certification Program
- Expense Reimbursement Grant (ERG)
- Water Protection Coordination (Security) Grant
- Conclusion, Action Items and Reminders

SDWIS indicates for the year 2009, 90.9% of the population served by West Virginia's community water systems received drinking water that met all health based standards. The 2005 National Baseline is 88.5%. West Virginia's percentage in 2008 was 91.3% .

Public Water System Supervision (PWSS) Program

Financial Summary

EPA approved and awarded the full amount of WVDHHR's State Fiscal Year (SFY)'08 PWSS grant in the amount of \$814,400. The final Financial Status Report (FSR) was submitted September 26, 2008.

EPA approved WVDHHR's SFY 2009 PWSS grant in the amount of \$846,909. Partial awards were made (September 23, 2008, December 17, 2008 and May 26, 2009) to reflect 100% of the SFY'09 grant funds allotted to WVDHHR. The final grant award approved includes the remaining balance (\$241,509) of a surplus of funds from previous years that the EPA was able to deobligate and recertify for use by WVDHHR and 75% of the tentative '09 allotment (\$605,400). Actual '09 allotment was \$793,500. However, because of the recertification of the surplus, EPA was still able to fund the original amount requested and approved.

EPA approved WVDHHR's SFY'10 PWSS grant in the amount of \$793,500. A partial award was made (July 27, 2009) to reflect 24% of the SFY'10 grant funds allotted to WVDHHR. Another partial award of \$400,000 was made on December 18, 2009. WVDHHR utilizes federal funds to pay for 15 full time employees (FTEs) out of the 19 FTEs under this program.

Future Funding

In light of previous federal budget rescissions and the potential for future federal budget cuts, EPA advises WVDHHR to monitor spending closely. When projecting budgets for future PWSS grants, the state should continue to plan appropriately and utilize funds efficiently. Each year, EPA works closely with WVDHHR to ensure that grant funds can be provided as early as possible for state use. EPA is working closely with the EED to ensure timely submission of semi-annual progress reports and future grant applications.

WV DHHR submitted the final FSR for SFY 2009 to EPA on September 25, 2009.

Personnel/Staffing

At the conclusion of Federal Fiscal Year (FFY) 2009, EPA Region III is not aware of any staffing level issues of WV DHHR affecting drinking water performance with the possible exception of compliance determinations of some rules.

Reporting Reminder

WVDHHR is reminded to continue reporting on staffing levels especially where vacancies affect work plan activities (e.g., compliance, conducting training and sanitary surveys). This should be a separate narrative or included in progress reports consisting of: 1) a written summary of the status on filling each vacancy (i.e., reviewing applications, interviewing, etc.) and desired time frame for filling positions; 2) a current organization chart to show stability of staffing levels; and 3) a list showing the funding source for all FTEs (filled and vacant), with positions associated to funding source (i.e., PWSS, DWSRF set-aside grant funds, state funds, etc.).

Schedule Reminder

Submit annual PWSS Progress Report – February 15, 2010. Include detail narrative of outputs/outcomes and future plans/projections.

New Regulation Development

Highlight

WVDHHR's primacy revision request for the Long Term 2 Enhanced Surface Water Treatment Rule and Stage 2 Disinfectant Byproduct Rule (LT2/ST2) was tentatively approved by EPA on June 5, 2008. No comments were received during the public comment period. The state's revised rule became final on July 17, 2008.

The Ground Water Rule was published in the *Federal Register* on November 8, 2006. West Virginia submitted its primacy application for the Ground Water Rule on October 28, 2009. Interim primacy was granted on December 17, 2009. EPA has finalized the review of the West Virginia submittal regarding the Ground Water Rule and will approve the package with the condition that some language in WV's GWR regulation be changed at the next available opportunity to avoid misinterpreting a provision of WV's GWR with a variance under the Safe Drinking Water Act.

EPA promulgated the Final Lead and Copper Rule (LCR) Short-Term Revisions (STR) and Clarifications on October 10, 2007. EPA issued a letter to the state dated February 29, 2008, to this effect. To obtain primacy for the implementation of this rule, the state submitted a primacy application on October 28, 2009. Interim primacy was granted on December 17, 2009. The LCRSTR submittal is under review and a determination will be made by March 17, 2010.

Groundwater Under the Direct Influence (GUDI) Determinations

GUDI determinations continue to be a priority for the state. WVDHHR's GUDI status of new systems activated or testing new wells after 2004 are; three (3) CWS, six (6) NTNCs and eight (8) TNCs. The recent upsurge in the coal industry activity is the primary factor for the increase in request for NTNC systems.

Recommendation

EPA recommends that WVDHHR conduct GUDI determinations on new water sources prior to these systems going on-line.

Reporting Reminder

Continue to provide status of GUDI determinations for all new sources that became active after January 1, 2004. This information can be provided in the semi-annual progress reports or in a separate report as done previously.

Capacity Development

West Virginia's FY 2008 PWS inventory consists of 1,076 public water systems including: 498 CWSs, 122 NTNCWSs, and 456 TNCWSs. The number of active water systems in West Virginia continues to decrease due to consolidation and to acquisition by larger water systems.

WVDHHR continues to successfully implement its Capacity Development Program (CDP). The State has five (5) FTEs fully dedicated to the CDP. WVDHHR has replaced the two key members who have retired and the Capacity Development Team is now fully staffed with competent and experienced personnel who are vital to ensuring water systems continue to get the assistance they need.

WVDHHR continues to provide assistance to water systems by conducting Capacity Development Assessments (CDA) - a complete evaluation of their technical, managerial, and financial (TMF) capabilities and needs. WV DHHR provides recommendations to address those needs which will lead to long term viability. The CDP continues to focus on making the reports more "reader friendly" and helpful to the water systems.

During FY 2009, 19 water systems were assessed (47 systems were assessed over the last three years). Some assessments included multiple water systems having separate PWSID numbers, although, they were counted as one CDA.

Additional assistance provided by WVDHHR to water systems through field staff and the Capacity Development Team include a variety of activities related to the Area Wide Optimization Program, the Consumer Confidence Report, asset management, emergency response plans, Disinfection Byproduct Rule, etc.

New Systems

WVDHHR maintains a list that tracks the compliance status of new systems that started operation during the period October 1, 2006 through September 30, 2009.

The WVDHHR new system permitting process discourages new, small, water systems and encourages proposed systems to connect to or to become part of existing, larger, more viable water systems. Through this process, new systems begin to understand how complex running a water system is and partner with or connect to an existing, more viable system when possible. This is effective in preventing formation of non-viable PWSs.

Only three (3) new systems that have started in the last three (3) years are still active. One system (Catenary Coal - Winchester Mine; WV9920100) was in violation. The State is working with the system to return to compliance.

Existing Systems

Since its initial baseline conducted in 2002, WVDHHR has provided an update every three (3) years to help evaluate the CDP. The most recent update was in 2008. The data which are used to measure improvements in system capacity showed that existing system's assessment activities were having a positive impact on water systems. The re-assessment shows that most water systems are addressing some portion of the recommendations provided.

The 2008 re-evaluation shows a significant difference in the service populations of failing systems and viable systems. Over the past six years, as larger, more viable systems have assumed responsibility for smaller failing systems, the average service population of viable systems has increased, while the average service population of failing systems has decreased. The 2008 data show viable systems' average service population is seven times greater than the failing systems and four times greater than marginal systems. This data supports the consolidation of failing and marginal systems where feasible. An adequate service population is important to achieving and maintaining water system viability.

Highlights

As part of the more pro-active assistance approach initiated over the last two fiscal years, WVDHHR began contacting long-term historic significant non-compliers (SNCs). These efforts have been coordinated with the enforcement personnel and are typically initiated following their issuance of an Administrative Order (AO).

WVDHHR has continued with its Capacity Assistance Partnership Developing Essential Viability (CAPDEV) outreach initiative.

The CAPDEV outreach initiative was created to provide TMF assistance to drinking water systems staff. CAPDEV is the second phase of the CDP; the first phase is the CDA. Through CAPDEV, West Virginia is encouraging water system cooperation, personnel and/or equipment sharing agreements, and full or partial consolidation.

In addition to direct contact while conducting CDAs and follow-up assistance activities, CDP staff provides phone assistance and advice. A sample period during the past fiscal year showed CDP staff averages 150 phone assistance contacts per month, equaling approximately 1,800 phone assistance contacts during FY 2009.

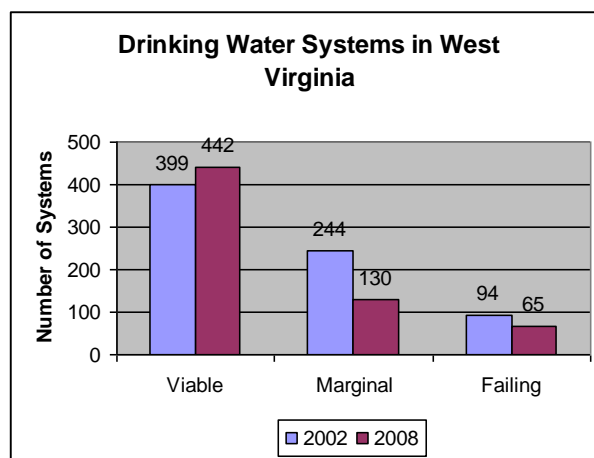
Third party assistance providers assist water systems through on-site, hands-on assistance; workshops; seminars and training sessions; and self-help guidance documents.

During FY 2009 a number of assessments were conducted which were related to systems seeking funding via the American Recovery and Reinvestment Act (ARRA). The majority of these loans will be closed in FY 2010. However, the drinking water treatment revolving fund (DWTRF) program closed on its first ARRA project funding with principal forgiveness of \$2,915,000 to the City of Petersburg, refinancing part of a loan closed in April 2009. This project received approximately \$8,115,000 in combined ARRA and DWTRF base program funding to upgrade the existing treatment plant (increase its capacity), replace an existing storage tank, install approximately one mile of distribution piping, and sand blast the existing storage tank. The

project serves customers in both the City and the Grant County Public Service District (Disadvantaged), but Grant County accounts for two-thirds of the water consumption. Construction commenced on this project in early 2009.

The CDP progress is continuously being evaluated using a list of parameters. During the last re-assessment, the following were noticed:

- An increase in the number of viable systems from 399 systems in 2002 to 442 in 2008,
- A decrease in the number of failing systems from 94 systems in 2002 to 65 in 2008, and
- The number of marginal systems has decreased from 244 systems in 2002 to 130 systems in 2008.



WVDHHR submitted to their Governor a report on the efficacy of the Capacity Development Program and progress made toward improving the TMF capacity of public water systems in West Virginia. The report was submitted by the due date (September 30, 2009) and was made available to the public.

WVDHHR partnered with other drinking water education and training coalition members (WV Rural Water Association, WV Rural Community Assistance Program, National Drinking Water Clearing House, Public Service Commission of WV, WV Chapter of the American Water Works Association, and WV Environmental Training Center) and developed a comprehensive annual training calendar. Approximately 2,000 calendars were printed and distributed to water operators, board members, system managers, and others concerned with operator certification and training. The calendar is used to keep water system personnel informed of important drinking water education and training opportunities. Instead of reviewing multiple calendars for training options, the new consolidated calendar will allow operators to review training options from a single source.

During FY2009, CDP staff continued to work with the National Environmental Services Center (NESC) in developing, with CDP oversight and review, two important water system assistance tools/programs using sub-recipient grant funds. These tools/programs are:

- West Virginia Water System Utility Management Institute Training (WVWSUMIT): A comprehensive West Virginia Water System Utility Management Institute Training (WVWSUMIT) program. When completed, the WVWSUMIT components can be used by NESC or other water system technical assistance providers (e.g., WV Rural Water Association, WV Rural Community Action Program, etc.) to train utility managers employed by West Virginia water systems. The six training modules include:

- Utility Management 101
 - Human Resources Management for Utilities
 - Utility Organization, Regulation, and Law
 - Utility Finance and Administration
 - Modern Technology and Utility Management
 - Public Relations in Utility Management
- West Virginia Water System Evaluation Tool (WVWSET): A comprehensive West Virginia Water System Evaluation Tool (WVWSET) that will assess a water system's technical, managerial, and financial capabilities to operate effectively and efficiently and meet the requirements of the Safe Drinking Water Act (SDWA). Once completed, end-users of the tool will have a better understanding of the challenges affecting sustainable practices and can begin to address deficiencies. This tool will provide instant feedback to the participants and also will provide a list of resources for additional information on specific topics as well as a detailed list of Assistance Providers. The tool may be used by water systems, West Virginia Bureau of Public Health staff, other water system technical assistance providers (e.g., WV Rural Water Association, WV Rural Community Action Program), and NESC.

The CDP is also in the process of drafting a Request for Quote (RFQ) so that a vendor can be obtained to provide on-site assistance to the systems in order to enhance the benefits of the program and provide more system specific assistance.

Source Water Assessment & Protection Programs

WVDHHR has continued to work with local communities and public water systems to emphasize the development of protective source water strategies. In support of source water protection, the state has provided ongoing training opportunities for water system operators thereby improving water system operation and ensuring compliance with the Safe Drinking Water Act (SDWA). The state continues to successfully provide grants through the Source Water Protection Grants Program, to surface water and ground water community Public Water Systems (PWSs) to establish and implement water protection programs. The state has created a source water protection-tracking database which records completed protection activities and enhancements to source water assessment program and source water assessment and protection / wellhead protection (SWAP/WHP) assessments. WVDHHR has also built upon existing and new partnerships and inter-agency alliances in order to strengthen its drinking water program.

Highlights

- WVDHHR continues to participate in various educational and outreach activities such as presenting a course on the source water protection program and water wells for sanitarian training.
- WVDHHR continues to use Geographic Information Systems (GIS) technology and Global Positioning System (GPS) data associated with public wells in order to support source water/wellhead protection.
- The SWAP Program evaluates new PWS water wells or intakes to assure they are located in areas where contamination threats are minimal. Permits for new public water wells now require an initial survey for potential sources of contamination within 2,000 feet of proposed well location with site-specific information used when available.
- WVDHHR signed a contract with the U.S. Geological Survey (USGS), West Virginia Department of Environmental Protection (WV DEP) and West Virginia Geological Survey to study the hydrologic flow in abandoned coal mines in McDowell County.

Action Items

- The state needs to continue working towards the national 2011 goal which states that 50% of CWS and associated population should be protected through substantial implementation of source water protection strategies.
- EPA would like to be kept informed on the continuing development of WVDHHR's secure website that will provide such information as public supply well location and wellhead and source water protection area information.
- EPA would like to be kept informed of final approval for Source Water Protection Technical Help Program (SWPTHP) program vendor contracts and contract work progress.

Data Management/Data Analysis

WVDHHR continues to submit quarterly updates and cooperate to alleviate data problems.

During the week of July 7, 2008, EPA assisted in an on-site data verification at WVDHHR's Central Office in Charleston, WV. The state files were very well organized and the support from the state personnel was excellent. A draft report was shared with WVDHHR in October 2008. EPA and WVDHHR discussed details of the report and combined comments were incorporated into the final report that was received by EPA Region III in December 2008 and shared with the state.

Concern

One major concern is implementation for Stage 1 DBPR and LT1 ESWTR which were noted in the report as not being fully implemented by the state. Discrepancies noted for these two rules are for compliance determinations for monitoring and reporting. The state attributes its problems in compliance determinations to a lack of staff and failure to inform compliance officers that they could utilize SDWIS State web release 1.0 (SSWR1) to compute compliance determinations. The compliance determination tool had not been working correctly in SDWIS/State. Since the state did not have the manpower to manually do calculations to determine compliance, violations were not issued. EPA will follow-up with the state on all the discrepancies noted in the report and discuss a strategy to fully implementing both rules.

Highlight

WVDHHR is always responsive to EPA's inquiries. Reports are submitted in a timely manner. In regards to the SNC report, any requests for follow-up information are provided with complete detail. The State has been working on cleaning up violations on the SNC report that were returned to compliance many years ago. They have been making progress in removing this data and are currently working with the EPA SDWIS Coordinator, Jackie Pine, to remove the remaining violations.

Action Items

WVDHHR and EPA will work out a resolution of past LT1 and Stage 1 compliance determination discrepancies.

Annual Compliance Reports

WVDHHR submitted its Annual Compliance Report (ACR) for 2008 in July 2009. This report provides much more detail than in the past (i.e., graphs for each rule showing violation trends over the past seven (7) years). This detail information will help identify program focus areas.

Laboratory Certification

EPA issued its Annual Certification Status Report of WVDHHR's Drinking Water Laboratory Certification Program on December 22, 2009 for the 2010 calendar year. The state laboratory retains certification for analytical methods of inorganic contaminants (except Thallium), lead and copper contaminants and microbiological techniques (except present-absence for Coliform).

EPA's Environmental Science Center (ESC) recently updated the listing of key analytical capabilities for primacy based on the Code of Federal Regulations (CFR) with input from the EPA Office of Ground Water and Drinking Water in Cincinnati and the Region 3 Water Protection Division. This listing is in the Lab Certification Manual as an appendix (Appendix E). The revised listing was shared with the Primary State Laboratory (PSL) Directors and with the State SDWA Program Managers. This revised listing will be used for certification status reports prepared in 2009 for 2010 certifications.

Highlight

WVDHHR identified a need for its PSL to be certified to test for Disinfection Byproducts. The state had not had the equipment to test for these contaminants previously. However, EPA agrees with the state that it would be beneficial to have the PSL capable of providing certified results especially if a water system lab is having difficulties or unexplained results that could affect water quality. EPA approved the state's request for \$500,000 which will be taken from the 15% Set-aside to purchase the equipment. The state lab will provide the normal maintenance and expense to operate the lab equipment.

Quality Management Plan (QMP)

WVDHHR's Drinking Water Program QMP is valid until October 2010.

Operator Certification Program

Program Review

On September 29, 2008, EPA approved the implementation of WVDHHR's Operator Certification Program. Each year a determination is made as to whether the state's program meets EPA guidance. This determination influences the decision to withhold 20% of the state's Drinking Water State Revolving Fund capitalization grant.

Highlights

WVDHHR solicited the assistance of a review committee to conduct an external review on the implementation of their Program. The external review is a requirement of the Operator Certification Guidelines and must be performed by an entity outside of the state program agency. This can be a contractor/consultant, board or committee of stakeholders, etc. A final report was submitted to EPA. Some noteworthy findings of the committee are:

- WVDHHR was commended for the thoroughness of its exam validation process. Utilizing stakeholders to improve this area is a strength of the program.
- Recommendation was made to limit the grace period for expired certifications from 1 year to 30 or 60 days. The liability of a water utility employing operators with expired licenses should be considered as well as the issue of promoting professionalism.
- The state's database was commended for its capacity to obtain pertinent information regarding the certified operators in the state.
- The mailing list for the Drips & Drops Newsletter should include the legally responsible authority of each water utility, not just the operator. This would help improve communication to council and public service district (PSD) board members.

The EPA/State Eastern Regional Operator Certification Program Workshop held in Region 1 in 2009 was a major success! Nineteen (19) states were in attendance including WV with guest speakers from the water industry as well as state program and EPA. As states struggle to find travel dollars each year to attend workshops such as this in addition to other program related training, WVDHHR has allowed its staff to attend this particular workshop each year. This reflects the state's commitment to improving the implementation of this Program.

In August 2010, EPA HQ will host a National Conference with the Operator Certification and Capacity Development Programs. This will be the first combined program conference. States have been invited to participate in the planning process. EPA believes this is essential to ensuring the interests of both programs are incorporated.

EPA requests that states provide as a "minimum" more quantitative information that allows for an evaluation of progress, for example: reports addressing activities from the previous reporting period; notes from stake holder meetings and other events; action items and outcomes; and quantitative data such as –

1. # of public water systems and/or % of systems in compliance with having a certified operator;
2. passing rate of examinations;

3. compliance rate for continuing education and certification renewal (i.e., are operators meeting requirements on time, what's the percentage or number of operators who allow their licenses to lapse);
4. discussion of issues, (i.e., reasons for non-compliance and plans to address those issues);
5. types of training/exercises provided (provide # of operators taking advantage of training made available or total # of hours of training provided and;
6. technical assistance to prepare operators for security threats like pandemic flu and new rules.

Details of the minimal content for reporting will be provided in the Reporting Reminder letter to the states in May.

Schedule Reminder

Annual Operator Certification Report is due June 30, 2010.

Drinking Water State Revolving Fund (DWSRF) Set-aside Funded Activities

DWSRF Set-aside Funded Activity Financial Summary

Since 1998, EPA has awarded \$91,783,500 in Federal funds with \$67,061,265 allocated to the project fund, \$3,362,776 for administration of the fund and \$21,359,459 to support set-aside activities. This includes the most recent grant award of \$8,229,000 on September 24, 2008. Thirty-three (33) FTEs are funded by the SRF Set-aside funds. In addition, thirteen and one half (13.5) FTEs are funded by state appropriations in accordance with the state match requirement for the 10% set-asides. The state applied for 100% set-aside allotments for FY'09 of which, \$2,199,420 is allocated for work plan activities under the 2, 10 and 15% set-asides. According to EPA's Financial Data Warehouse, all prior grants up through FY'04 have been closed.

Per the DWSRF Work Plan Supplemental Guidance, in order for WVDHHR to apply for set-asides in the FY'09 SRF application, the maximum allowable carryover for FYs '05-08 should reflect less than 150% of the average of the past four year's set-aside awards or a total balance of \$3,141,389. Per Table A, the total balance of set-aside funds remaining is \$4,912,975. This exceeds the maximum allowable carryover by 56% or \$1,771,586. However, the carryover is down by 35% or \$944,501 from last reporting period. This reduction is an indication that drawdown rates are improving.

Table A

Set-aside Funded Expenditures for Open Grants - FY '05-08

WEST VIRGINIA SET-ASIDE UTILIZATION FOR ALL GRANTS Cumulative as of August 2009				
	Technical Assistance 2%	Program Management 10%	Local Assistance 15%	Total
CUMULATIVE AWARDED	\$660,938	\$2,759,064	\$4,957,035	\$8,377,037
EXPENDED	\$566,744	\$1,106,282	\$1,791,036	\$3,464,062
% EXPENDED	85.7%	40%	36%	41.3%
REMAINING BALANCE	\$94,194	\$1,652,782	\$3,165,999	\$4,912,975

EPA is aware that these numbers do not reflect recent payroll and fringe benefit allocations that have not been processed yet nor do they reflect the encumbered funds for work plan activities.

Concern

The state's inability to spend down set-aside funds in a timely manner has been a major concern. However, work plan activities are now moving forward. With the help of the stimulus funds, WVDHHR has been able to obtain contractor support (TetraTech) to assist with the processing

of applications for projects. In doing so, program staff have been able to focus more on getting set-aside contracts in place. This in turn, allows set-aside activities to move forward which is reflected in the drawdown of funds. Contracts now approved or underway since last reporting period include contracts for the following activities: survey tool under the CDA Program; SWP grants; water distribution and chief operator training and developing curricula for the utility management institute. To assist the state further in expending surplus funds, EPA provided a contractor (in-kind service) to conduct AWOP Performance Base Training which occurred early 2009. Total surplus expended was approximately \$134K.

EPA's Drinking Water Branch and Office of Infrastructure and Assistance staff had a pre-award meeting to discuss the status of DWSRF set-asides as a result of the on-site DWSRF review conducted in June 2009. Spreadsheets developed by the state were discussed which provided detail allocation of the redirected 10% and 15% set-asides. These are funds remaining from previous grant awards that have been redirected to activities of the 2007 supplemental work plan. Now that more contracts are in place, the drawdown of surplus funds are increasing and the state remains optimistic that this will continue to improve. EPA will continue to monitor closely and follow up with the state regarding the status of surplus funds in March 2010.

Reminder

The state should be spending oldest monies first and is encouraged to maintain a maximum allowable carryover of 150% for prior year funding in accordance with the DWSRF Work Plan Supplemental Guidance.

Wellhead Protection Program - 15% Local Assistance

The WV Wellhead Protection Program (WHPP), approved by EPA in 1992, is a key implementation program for source water protection.

Highlights

- WVDHHR issued three (3) WHPP grants totaling approximately \$35.4K.
- WVDHHR continues to support the WV DEP Project WET (Water Education for Teachers) by loaning groundwater models out for public education that includes a summer water workshop for educators and youth ages 5-18.

WVDHHR continues to partially fund the DEP Class V UIC program and maintain the SWAP website. The DEP UIC Class V program inspected 110 sites with 41 sites having underground injection systems with a combined total of 54 wells. The website contains fact sheets, new SWAP posters, general information and an online SWAP education course, entitled "A Guide to Developing a Source Water Protection Plan."

Capacity Development Assessments - 15% Local Assistance

WVDHHR conducted three (3) capacity development assessments and issued related reports to water systems that provide each system with a detailed evaluation and recommendations to improve system viability.

Program Management - 10%

Operator Certification

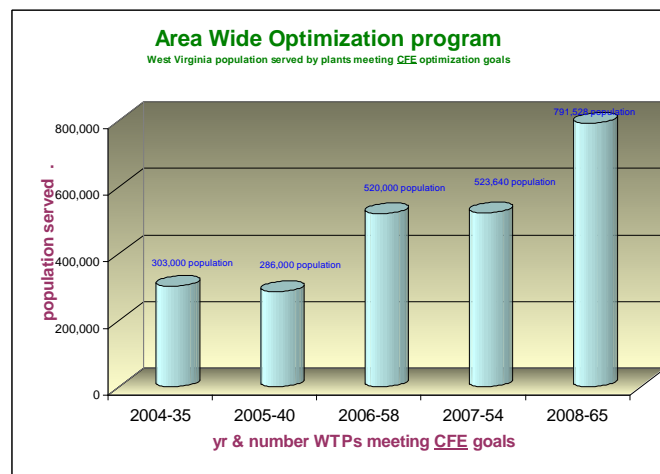
WVDHHR continues to work with the Drinking Water Exam Review Committee to develop and issue relevant operator certification exams. A total of 613 operators were issued certificates of certification for initial license and license renewals. Twenty-eight (28) out of thirty-two (32) courses for continuing education credit were reviewed and approved. Now underway is the new Water Distribution (WD) and Chief Operator (CO) Training Program – 69 operator received WD training and 113 received CO training.

Sanitary Surveys

States are required to conduct sanitary surveys at all surface or ground water under the direct influence of surface water (Subpart H) community water systems once every three years starting December 2004. WVDHHR schedules sanitary surveys in 3-year intervals from the date of the last survey completed. Surveys are tracked on a monthly basis to identify surveys to be completed throughout the year. For this reporting period the state completed 108 sanitary surveys for Subpart H systems and project an additional 86 to be completed by the end of 2009.

Area Wide Optimization Program (AWOP)

EPA Region 3 commends WVDHHR for being an active participant in the Region's AWOP program. In WV approximately 1.2 million people are served by surface water public water systems and the improvements to public health protection since 2004 are reflected in the chart below. The chart indicates a continued increase in both the number of surface water plants that meet the combined filter effluent (CFE) AWOP goal of 0.10 NTU and the population served by these systems.



West Virginia hosted a Region 3 Area Wide Optimization Program (AWOP) Meeting on October 15-16, 2008 at Cacapon State Park. Drinking water staff from all R3 states except for Delaware were in attendance including EPA's Technical Support Center. A meeting was held to discuss progress of their optimization programs.

Highlight

EPA has been working with WVDHHR on spending down the surplus of funds identified in its 10% and 15% Set-asides. A major road-block for the state has been securing contracts in a timely fashion. EPA began working with the state in late 2008 to provide an in-kind service contract to expedite the utilization of the surplus funds in the 10% Set-aside. WVDHHR participated in the Region 3 AWOP Pilot Performance Based Training (PBT), and determined that implementing PBT in WV would be beneficial to the drinking water program and its surface water systems. In 2009 WVDHHR staff initiated another round of PBT with seven public water systems (PWSs). Another session will be conducted in 2010. PBT is a training program which teaches plant operators leadership skills and problem solving techniques to assist them in optimizing their plant's performance.

Other program management activities include:

- maintaining the Safe Water Operator Certification System (SWOCS) database;
- reviewing continuing education hour (CEH) courses;
- training to surface water system operators to optimize treatment plant performance;
- distributing *Drips and Drops* quarterly newsletter;
- distributing semi-annual training calendar;
- maintaining capacity development web page;
- maintaining CD library for class facilitator when an instructor is unable to attend training;
- assisting the American Water Works Association (AWWA) in acknowledging operator achievements through the review and selection of candidates and presentation of the Perkins Boyton Award; and
- being an active member of the Infrastructure and Jobs Development Council (IJDC) and chair of the IJDC Technical Review Committee.

Technical Assistance - 2%

Through contract with the WV Rural Water Association (WVRWA), WVDHHR provided 29 days total of continuing education and certification training through the Hours for Education and Learning Program (H.E.L.P.). In addition to training WVRWA maintains an exam database to track relevant information on operators as well as an e-library used as a resource tool for operators. They have also developed manual and study guides to assist in training needs of the operator.

Operator Certification Expense Reimbursement Grant (ERG)

Financial Summary

On September 30, 2003, EPA awarded WVDHHR's Expense Reimbursement Grant (ERG) totaling \$1,437,900 in support of continuing education for and certification of operators at small community and non-transient non-community water systems. EPA received an interim Financial Status Report (FSR) on March 5, 2009.

Grant Expenditures - as of January 15, 2010

Funds Awarded	Funds Expended	Percent Expended
\$1,437,900	\$386,999.38	27%

Program Review

On August 11, 2009, EPA conducted a conference call with WVDHHR that included discussion on the lack of progress on program activities and consideration of rolling over funds under the DWSRF grant. The major challenge has been the state's process in procuring contracts although WVDHHR has reassured EPA that its staff has improved its working relationship with the state budget department for a smoother process to secure contracts in a timely manner. Other factors have included contracts coming in under budget and items for which the state opted to use state funds vs. grant dollars (e.g., furniture purchases for training workstations and revision of a training database.). Taking this into consideration as well as the need for trained operators, EPA agreed to extend the grant project to December 31, 2011. This extension will allow West Virginia to secure contracts for three (3) essential activities – 1) to conduct additional e-training; 2) complete procurement of a mobile trailer to conduct training; 3) conduct additional backflow training.

Reporting Reminder

EPA reminds the state to provide detailed information on outputs, outcomes and future plans in the progress report.

Schedule Reminder

- Prepare and submit a progress activity report covering July 1, 2009- December 31, 2009 that reflects financial status and time schedule for expending grant funds by the end of the project period. This report is due February 15, 2010.

Water Protection Coordination Grant (Security)

Financial Summary

The table below depicts funding and expenditures for the 2009 grant for state counter-terrorism and preparedness activities. The grant budget period is January 1, 2009 through December 31, 2011.

2009 Grant Funding and Expenditures - as of December 23, 2009

Funds Awarded	Funds Expended	Percent Expended
\$150,000	\$30,510	20.3%

Program Review

Coordination activities continue for critical water infrastructure protection efforts. This includes: participating in conferences and sponsoring workshops, assisting public water systems with emergency preparedness, maintaining database of emergency contacts, conduct security/preparedness training; assess backup power generators of public water systems and obtain additional threat preparedness training for WVDHHR staff.

In late 2009, WVDHHR's security coordinator retired. EPA is concerned that this loss will impact progress made over the years in this program. WVDHHR is strongly encouraged to fill this position as quickly as possible.

WVDHHR has unawarded funding in the amount of \$93,769. WVDHHR should apply for these funds as quickly as possible due to the potential for a rescission. EPA continues to require these funds to be expended in a timely manner. Due to the slow rate of expenditure of these grant funds, EPA was not able to justify new funds for 2010 for the states. It is unknown whether any funds will be made available in the future under this grant program.

Highlight

In early 2009, the West Virginia Water and Wastewater Agency Response Network (WV WARN) became active with the signing of mutual aid agreements by the first three utilities. The WV WARN joins over 35 other states nationwide and is only the second WARN to become active in the Mid-Atlantic Region. EPA recognizes the efforts undertaken by WVDHHR to meet with utilities and other interested groups in working toward the development of the WV WARN.

Reporting Reminder

EPA reminds the state to provide detailed information on outputs, outcomes and future plans in the progress reports due February 15th and August 15th of each year that this grant is open. A progress report covering the January – June 2009 timeframe has not been received by EPA Region III. WVDHHR may combine this with the next semi-annual report.

Conclusions, Action Items and Reminders

Overall, WVDHHR is implementing their program effectively. For additional information please refer to Attachment 1, WVDHHR Reporting Checklist, which details the EED program activities for mid-year 2009. The following is a consolidated list of recommendations and a few reminders on upcoming reporting deadlines. Page numbers provide locations in the report for more details.

Action Items

- Continue working towards the national 2011 goal of 50% of CWS and associated population protected through substantial implementation of source water protection strategies. (page 8)
- Keep EPA informed of development of secure website for providing well location and SWP area information. (page 8)
- Keep EPA informed of final approval of SWP/THP contracts and work progress. (page 8)
- Submit semi-annual progress activity report for the Security Grant. (page 17)

Reporting Reminders

- Progress Report to include:
 1. Detailed narrative on “progress” of all grant activities (PWSS, DWSRF Set-aside, ERG) – due February 15, 2010. (page 3)
 2. Written summary of status on filling each vacancy (i.e., reviewing applications, interviewing, etc.) and desired time frame for filling positions. (page 3)
 3. Current organization chart to show stability of staffing levels. (page 3)
 4. The funding source associated to each FTE (filled and vacant). (page 3)
 5. GUDI (all systems post 01/01/04) summary broken out by system type (CWS, NTNC and TNC) showing the number and percentage of systems testing, evaluated, unresponsive, etc. (page 4)

WVDHHR is reminded that states must include discussion of progress toward meeting outputs and outcomes in the annual progress report, including explanations as to why outputs or outcomes were not achieved and actions planned to address this.

Schedule Reminders

- Annual Operator Certification Report - June 30, 2010. (page 11)